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Government May Nationalize Coffee Plants

Report Categories:

Agricultural Situation

Coffee

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Report Highlights:

The Minister of Commerce, Eduardo Saman, announced that the government is considering nationalizing two major coffee companies, "Café Fama de América" and "Café Madrid."

General Information:

Government May Nationalize Venezuela's Two Major Coffee Processing Plants

The Minister of Commerce, Eduardo Saman, announced that the government is considering nationalizing two major coffee companies, "Café Fama de América" and "Café Madrid."

The Minister indicated that when the current temporary occupation expires, he will recommend proceeding with nationalization. The occupation of Fama de America and Madrid

Coffee plants, which represent between 70 and 80 percent of the Venezuelan coffee market, took place on August 3, 2009 and will expire on November 1, 2009.

The government also announced that coffee would be exported to Russia, Belarus, and Arab countries at the end of 2009. This exports will take place even though Venezuela would depend on imported green coffee for processing.

The Minister reported that a mission from Belarus will be visiting the state of Táchira to see the coffee plant, evaluate production and start the export process. He also added that there is a chance for Nicaragua to sell their coffee production through Venezuela. This type of commercial agreement will help eradicate the Venezuelan coffee extraction to Colombia. For the Minister this new proposal of nationalization will ensure Venezuela will become an exporting power.

The supply of coffee is low and plants have very little raw material. The coffee processing industry has been undergoing a critical situation during the last months. Sixteen of the twenty four small and medium plants stopped operations for lack of raw material. Since January, the industry informed the Executive of the decrease in production, low inventories and contraband situation.

According to information from the press, the coffee harvest just started but there are very few buyers. The question is if the State will have the capacity to collect all the coffee from the producer centers, which handle up to 70 percent of the annual harvest, since the government has denied dealing with intermediaries.

Sources: Ministry Statements and Local Media